

September 29, 2006

**RECEIVED**

SEP 29 2006

**PUBLIC SERVICE  
COMMISSION**

Hon. Dale Wright  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40601

RE: Red Barn Waste Management, LLC  
2006-000284

Dear Dale:

Enclosed is a Letter of Credit drawn on Farmers National Bank of Cynthiana, Kentucky, in the amount of \$10,000.00 as required by the Order of the Public Service Commission in the matter of Red Barn Waste Management, LLC. Thank you for your help and assistance in this matter.

Sincerely,

  
George L. Seay, Jr.

GLS/ekc  
Enclosure

# Farmers National Bank

Cynthiana, Kentucky 41031

Phone (859) 234-3100

September 27, 2006

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO. 78993

Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602-0615

Gentlemen:

Farmers National Bank, a national banking association ("Bank"), 101 East Pike Street, Cynthiana, Kentucky 41031, hereby issues its Irrevocable Unconditional Letter of Credit in favor of the Kentucky Public Service Commission ("PSC"), for the account of Red Barn Waste Management, LLC ("Red Barn") up to the aggregate amount of \$10,000.00, available at sight by the drafts of the PSC on the Bank.

Drafts drawn on this Letter of Credit will be honored when presented, accompanied only by a letter or certificate signed by a representative of the PSC stating that either (i) this Letter of Credit has not been renewed thirty (30) days prior to its expiration, or (ii) the wastewater treatment facility owned by Red Barn is not being operated up to the minimum Public Service Commission regulations.

The Bank shall be entitled (and required) to rely upon the statements contained in the above-described letter or certificate and will have no obligations to verify the truth of any statements set forth herein.

The Bank hereby agrees with drawers, endorsers and bona fide holders of this Letter of Credit that all drafts drawn by reason of this Letter of Credit and in accordance with the above conditions, will meet with due honor when presented at the office of the Bank in Cynthiana, Kentucky.

The obligations of the Bank shall not be subject to any claim or defense by reason of the invalidity illegality or inability to enforce any of the agreements set forth in the Lease.

This Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits (1993 Revision) fixed by the International Chamber of Commerce (publication 500) when not in conflict with the express terms of this Letter of Credit.

MAIN OFFICE - 101 E. PIKE ST. / INSTALLMENT LOAN - 127 E. PIKE ST.  
DRIVE -IN-BRANCH - 220 S. MAIN ST. / TOWN PLAZA BRANCH - 369 ODDVILLE AVE  
SOUTHSIDE BRANCH - 698 US HWY 27 SOUTH /  
BERRY BRANCH - 111 MAIN ST. BERRY 41003  
BOURBON FARMERS NATIONAL BANK - 2106 ROCKY DR. PARIS, KY  
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO. 78993

September 27, 2006

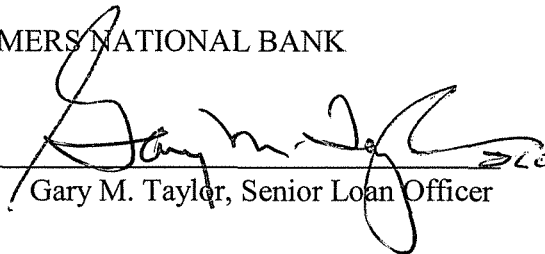
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This Letter of Credit shall terminate at 5:00 p.m. on September 27, 2007, which shall be the final expiration date of this Letter of Credit, unless at least 30 days prior to the then current expiration date, we notify you in writing by certified mail, return receipt requested, at the following address (or at such other address as you may specify by written notice to us), that this Letter of Credit has been extended beyond the current expiration date and specifying the extended expiration date; provided, that our obligation to make any payment hereunder in respect of a drawing request made prior to the expiration hereof shall continue until payment is made.

Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Boulevard  
Frankfort, KY 40602-0615

FARMERS NATIONAL BANK

BY: \_\_\_\_\_

  
Gary M. Taylor, Senior Loan Officer